

DEPARTMENT OF ENVIRONMENTAL QUALITY

HB176

Introduced by Frankie Wilmer

By Request of the Department of Environmental Quality
and the Environmental Quality Council

2007 MONTANA LEGISLATURE

FACT SHEET

STATUTE:

- Mont. Code Ann. §2-17-414, 15-6-135, 15-70-201, 15-70-202, 15-70-204, 15-70-221, 15-70-501, 15-70-502, 15-70-503, 15-70-511, 15-70-512, 15-70-513, 15-70-514, 15-70-521, 15-70-522, 15-70-523, 15-70-527, 17-6-317, 75-11-302, AND 75-11-314,

PROPOSED LEGISLATION:

A BILL FOR AN ACT ENTITLED: " AN ACT SUBSTITUTING THE TERM "ETHANOL-BLENDED GASOLINE" FOR "GASOHOL"; AMENDING AND MAKING UNIFORM DEFINITIONS OF AND REFERENCES TO ETHANOL AND RELATED TERMS; REMOVING THE PERCENTAGE OF ETHANOL IN GASOLINE THAT STATE EMPLOYEES ARE REQUESTED TO USE WHEN FUELING STATE VEHICLES; AMENDING SECTIONS 2-17-414, 15-6-135, 15-70-201, 15-70-202, 15-70-204, 15-70-221, 15-70-501, 15-70-502, 15-70-503, 15-70-511, 15-70-512, 15-70-513, 15-70-514, 15-70-521, 15-70-522, 15-70-523, 15-70-527, 17-6-317, 75-11-302, AND 75-11-314, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BACKGROUND:

Purpose - The term 'ethanol-blended gasoline' shall be used in the MCA in place of the word "gasohol" when referring to fuel mixed with ethanol. The word 'ethanol' will replace the word 'gasohol', and where appropriate, the word 'ethanol' will replace the word 'alcohol'. The word "gasohol" shall no longer be used in Montana law. This is being done for consistency in applying ethanol laws. Also, ethanol-blended gasoline will not be limited to a mixture of 90% gasoline and 10% ethanol (E-10), but will be simply defined as "a fuel mixture of gasoline and ethanol produced from agricultural products...". This allows for the inclusion of different ethanol-blended gasoline mixes within the incentives provided in law. This bill also defines the terms 'ethanol' and 'ethanol-blended gasoline'.

Background

- There are many state laws that deal with ethanol blended gasoline. These laws are inconsistent and confusing in how they refer to ethanol.
- The term gasohol is frequently used in statute, but this term is no longer used in common practice in the ethanol industry. Gasohol is a term that is generally understood to mean a mixture of 10% ethanol and 90% gasoline. However, it is used in Montana statute to apply to different percentage blends of ethanol to gasoline.
- The inconsistency in the use of gasohol and ethanol blended fuels could potentially result in making these bills hard to understand, and could result in applying these bills in an unintended manner.
- Also, the bills were sometimes written so that they referred to only a mixture of 90% gasoline and 10% ethanol, which is referred to as E-10. Other mixture ratios such as E-8 were excluded from these bills.

Ethanol Defined

Ethanol is defined in federal statute. For consistency, this bill changes old and inconsistent terms to meet the federal definition.

- Ethanol, also known as "Denatured Fuel Ethanol", means nominally anhydrous ethyl alcohol that has been denatured as specified in 27 CFR parts 20 and 21 and that meets the standards for ethanol adopted pursuant to 82-15-103.

Section-by-Section Description

Section 1 – Amended (state vehicles to use ethanol)

- Amends Section 2-17-414 by changing the phrase 'ethanol-blended fuel' to 'ethanol blended gasoline.' This is for consistency of terms. It does not change the requirement that state agencies use ethanol in their vehicles.

Section 2 – Amended (class five property description)

- Amends Section 15-6-135 by changing the word 'gasohol' to 'ethanol blended gasoline'.

Section 3 – Amended (definitions for licenses of gasoline distributors)

- Adds two new definitions under Section 15-70-201.
- The first definition is for 'ethanol' which is defined as "nominally anhydrous ethyl alcohol that has been denatured as specified in 27 CFR parts 20 and 21 and that meets the standards for ethanol adopted pursuant to 82-15-103".
- The second definition is for 'Ethanol-blended gasoline' which is defined as "gasoline blended with ethanol. The percentage of ethanol in the blend is identified by the letter "E" followed by the percentage number. A blend that is 10% denatured ethanol and 90% gasoline would be reflected as E-10. A

blend that is 85% denatured ethanol and 15% gasoline would be reflected as E-85".

- For Section 15-70-201, deletes the word 'gasohol' and its definition.
- For Section 15-70-201, changes the word 'alcohol' to 'ethanol' and the word 'gasohol' to the phrase 'ethanol blended gasoline'.

Section 4 – Amended (license of gasoline distributors)

- For 15-70-202, clarifies that a distributor may not blend ethanol-blended gasoline unless licensed by the department. This is a clean up of the language.
- Changes the word 'gasohol' to the phrase 'ethanol blended gasoline'

Section 5 – Amended (gasoline license tax)

- Amends 15-70-204 by changing the word 'gasohol' to 'ethanol blended gasoline'.

Section 6 – Amended (refund of gasoline license tax)

- Amends 15-70-221 by changing the word 'alcohol' to 'ethanol' and changing the word 'gasohol' to the phrase 'ethanol blended gasoline'.

Section 7 – Amended (title of Alcohol Tax Incentive Act ATIT)

- Amends 15-70-501 by changing the word 'alcohol' to 'ethanol'.

Section 8 – Amended (purpose of Alcohol Tax Incentive Act)

- Amends 15-70-502 by changing the word 'alcohol' to 'ethanol' and changing the word "gasohol" to the phrase "ethanol blended gasoline". Also changed is the phrase 'alcohol fuel' to 'ethanol'.

Section 9 – Amended (definitions for Alcohol Tax Incentive Act)

- Amends 15-70-503 by deleting the definition for 'Alcohol Distributor', 'gasohol', and 'gasohol dealer'.
- Adds two new definitions
- The first is 'Ethanol distributor' which means "any person who, for the purpose of making ethanol-blended gasoline, engages in the business of producing ethanol for sale, use, or distribution".
- The second is 'Ethanol-blended gasoline dealer' which means "any person who blends ethanol with gasoline to produce ethanol-blended gasoline for sale from a wholesale or retail outlet, for use, or for distribution in this state".

Section 10 – Amended (licensing alcohol distributors ATIT)

- Amends 15-70-511 by changing the word 'alcohol' to 'ethanol' and changing the words 'every alcohol' to 'An ethanol'.

Section 11 – Amended (alcohol distributors statement ATIT)

- Amends 15-70-512 by changing the word 'alcohol' to 'ethanol' and the word 'him' to 'the distributor' for clarification, and the word 'gasohol' to the phrase 'ethanol blended gasoline'.

Section 12 – Amended (recordkeeping requirements ATIT)

- Amends 15-70-513 by changing the word 'alcohol' to 'ethanol' and changing the word 'gasohol' to the phrase 'ethanol-blended gasoline'.

Section 13 – Amended (examination of records ATIT)

- Amends 15-70-514 by changing the word 'alcohol' to 'ethanol' and changing the words 'gasohol' to 'ethanol-blended gasoline'.

Section 14 – Amended (definition of denatured alcohol, tax incentive rules)

- Amends 15-70-521 by changing the word 'alcohol' to 'ethanol' and changing the words "Any alcohol" to "An ethanol".

Section 15 – Amended (purpose of tax incentive for alcohol)

- Amends 15-70-522 by changing the word 'alcohol' to 'ethanol' and changing the word "gasohol" to the words "ethanol-blended gasoline".
- Strikes the date given in 15-70-522 (7) about when the department shall adopt rules necessary to carry out the provisions of this section. This date has passed

Section 16 – Amended (application for payment of tax incentive)

- Amends 15-70-523 by changing the word 'alcohol' to 'ethanol' and changing the words 'gasohol' to the phrase 'ethanol-blended gasoline'.

Section 17 – Amended (penalty for failure to file-obtain a license)

- Amends 15-70-527 by changing the word 'any alcohol' to 'an ethanol'.

Section 18 – Amended (participation by private financial institutions)

- Amends 17-6-317 by changing the word 'alcohol' to 'ethanol'.

Section 19 – Amended (definitions for petroleum release statutes)

- Amends 75-11-302 by changing the word 'alcohol' to 'ethanol' and changing the word "gasohol" to the phrase "ethanol-blended gasoline".

Section 20 – Amended (petroleum tank clean up fee statute)

- Amends 75-11-314 by changing the word 'alcohol' to 'ethanol' and changing the words "gasohol" to "ethanol-blended gasoline".

Section 21 – New

- This is a name change and a direction to the Code Commissioner.
- States that if legislation enacted by the 60th legislature contains a reference to gasohol, the code commissioner shall change the reference to ethanol-blended gasoline.

Section 22 New

- States that the act is effective on passage and approval.

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